

Message Text

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PAGE 01 PRETOR 00336 261010Z

44

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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R 260943Z JAN 76

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 3663

INFO AMEMBASSY CAPE TOWN

AMCONSUL JOHANNESBURG BY POUCH

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E.O. 11652: N/A

TAGS: EGEN, EFIN, SF

SUBJECT: WESTINGHOUSE AND EXIM FINANCING FOR ESCOM PROJECTS

1. DURING LUNCH ON FEB 22 WITH WESTINGHOUSE MANAGER FOR SOUTH AFRICA, N.W. REILLY, HE OUTLINED TO ECON COUNSELOR ESCOM EXPANSION PLANS FOR STEAM GENERATED POWER AND WESTINGHOUSE PROBLEMS IN BIDDING COMPETITIVELY.

2. AT TWO PLANTS, MATLA AND DUBE, ESCOM PLANS TO INSTALL AT EACH A BANK OF SIX 600 MEGAWATT GENERATORS. AT EACH PLACE, TENDERS FOR THREE UNITS APIECE HAVE GONE TO WEST GERMAN AND BRITISH COMPETITION. IN LATTER CASE ESCOM BID EVALUATION OFFICIAL TOLD REILLY WESTINGHOUSE WAS 2 1/2 TO 3 PERCENT OVER BID AND DECIDING FACTOR WAS AVAILABILITY OF BETTER FINANCIAL TERMS.

3. ESCOM PLANS CALL FOR THREE MORE UNITS AT EACH PLANT WITH ANOTHER SIX UNITS PLANNED FOR ELANGA PLANT (ALL THREE ARE LOCATED IN EASTERN TRANSVAAL ADJACENT TO LOW COST COAL). REILLY PUT PRICE OF EACH UNIT AT \$30-\$40 MILLION, I.E. CLOSE TO HALF BILLION IN TOTAL ORDERS. WESTINGHOUSE AND GENERAL ELECTRIC WITH THEIR LONG EXPERIENCE IN FIELD HE BELIEVED WERE IN BEST POSITION ON BIDDING IF THEY WERE ABLE TO COMPETE

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PAGE 02 PRETOR 00336 261010Z

ON EQUAL TERMS WITH BRITISH AND GERMAN GOV'T SUPPORTED FIN-

ANCING. REILLY SAID ESCOM WAS AWARE OF THE EXPERTISE OF
THE TWO AMERICAN COMPANIES AND OTHER THINGS BEING EQUAL,
WOULD PREFER AMERICAN EQUIPMENT.

3. WE SUSPECT THAT GIVEN SIZE OF THIS PARTICULAR BUSINESS
THAT PUSH WILL BE MADE FOR DIRECT EXIM LOANS AS FLUOR IS
NOW DOING IN CONNECTION WITH SASOL II PROJECT.
BOWDLER

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